

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-07

TRSE-00 SAJ-01 MC-02 OMB-01 IGA-02 /072 W

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R 171425Z NOV 76

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 2793

S E C R E T SECTION 1 OF 2 OSLO 5616

FOLLOWING TELEGRAM SENT ACTION USMISSION NATO, INFO SECDEF WASHDC,  
AMEMBASSY COPENHAGEN, CINCLANT, USCINCEUR, USLOSACLANT, USNMR  
SHAPE ON 02 NOV 76: BEING REPEATED TO YOU FOR INFO

QUOTE:

E.O. 11652: GDS

TAGS: PFOR NO

SUBJECT: NORWEGIAN DEFENSE ESTABLISHMENT

REFS: USNATO 5722, DPQ 76 NORWAY

### 1. SUMMARY

IN GENERAL, EMBASSY AGREES WITH PROPOSED ANALYSIS AND APPROACH  
DESCRIBED REFTEL. FOLLOWING ARE SUGGESTIONS FOR POSSIBLE SHIFT  
IN EMPHASIS OF U.S. REPS PRESENTATION. WE ALSO OFFER SOME ADDI-  
TIONAL FACTS WHICH MAY HELP U.S. REPRESENTATIVES. END SUMMARY

### 2. APPROACH

UNLIKE MANY OF OUR ALLIES, NORWAY'S SCARCE RESOURCE IS NOT  
MONEY BUT MEN. WE BELIEVE NORWAY IS DOING ABOUT AS WELL AS CAN  
BE EXPECTED ON THE MANPOWER SIDE BUT THAT WE SHOULD PRESS FOR A  
BETTER PERFORMANCE IN DEFENSE EXPENDITURES. THEIR DEFENSE ESTABLISH-  
MENT HERE FACES A VERY SMALL NATIONAL EMPLOYEES POOL FOR WHICH IT  
MUST COMPETE WITH OTHER PRIVATE AND PUBLIC SECTOR EMPLOYERS.  
NONETHELESS, NORWAY HAS A VERY HIGH PERCENT OF 18-45 YEAR OLD

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MEN SERVING IN ITS MILITARY (5 PERCENT), A FIGURE WHICH RANKS

NORWAY THIRD IN THE ALLIANCE ACCORDING TO THE IISS. THEREFORE, IT IS PROBABLY UNREALISTIC TO EXPECT THAT THE POLITICAL AUTHORITIES IN THE NORWEGIAN GOVERNMENT CAN SUBSTANTIALLY INCREASE THE DEFENSE ESTABLISHMENT'S MANPOWER, ALTHOUGH WE BELIEVE THEIR EFFORTS TO ARREST THE DECLINE IN THEIR MANNING FIGURES SHOULD CERTAINLY BE QUESTIONED.

3. IT IS IN THE AREA OF DEFENSE EXPENDITURES WHERE WE BELIEVE NORWAY CAN AND SHOULD DO BETTER. EVEN BEFORE SHE HAS BEGUN TO RECEIVE SUBSTANTIAL OIL REVENUES, NORWAY IS THE WORLD'S THIRD RICHEST NATION IN PER CAPITA INCOME. NONETHELESS, BY ANY MEASURE (PERCENT GNP DEVOTED TO DEFENSE, SIZE OF DEFENSE BUDGET, INDEX OF NATO DEFENSE EXPENDITURES OR ANNUAL INCREASE/DECREASE IN DEFENSE BUDGET), NORWAY DOES NOT RANK HIGH AMONG THE ALLIES.

4. WE ARE AWARE THAT THE ALLIANCE TRADITIONALLY MEASURES DEFENSE EFFORT AS A PERCENTAGE OF GNP. WHILE THIS IS ONE USEFUL MEASURE, ANOTHER IS THE DEFENSE BUDGET AS A PERCENTAGE OF THE NATIONAL BUDGET. THIS MEASURE MAY BE EVEN MORE INFORMATIVE BECAUSE IT REFLECTS MORE ACCURATELY THE PRIORITY WHICH A NATION'S POLITICAL LEADERSHIP PUTS ON DEFENSE EXPENDITURES COMPARED TO OTHER COMPETING DEMANDS FOR GOVERNMENT RESOURCES. IT IS IN THIS FIELD THAT NORWAY'S RECORD IS DISAPPOINTING AS THE FOLLOWING CHART ILLUSTRATES:

DEFENSE EXPENDITURES AND TOTAL GOVERNMENT EXPENDITURES 1966-76  
(IN MILLIONS OF KRONER)

	DEFENSE BUDGET	TOTAL BUDGET	DEFENSE AS PERCENT
1966	2,010	12,202	16.5
1967	2,256	13,804	16.3
1968	2,420	15,452	15.7
1969	2,551	17,874	14.3
1970	2,750	21,177	13.0
1971	3,004	24,177	12.3
1972	3,204	27,887	11.5
1973	3,503	30,849	11.4
1974	3,959	35,216	11.2
1975	4,762	44,025	10.8

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1976 (ADOPTED BUDGET)	4,886	50,539	9.7
1977 (PROPOSAL)	5,540	62,825	8.8

AS THE ABOVE CHART SHOWS, SUCCESSIVE NORWEGIAN GOVERNMENTS, BOTH SOCIALIST AND NON-SOCIALIST, HAVE PROGRESSIVELY DOWN-GRADED THE PRIORITY THEY ACCORD TO DEFENSE EXPENDITURES SO THAT OVER THE LAST DECADE THE DEFENSE BUDGET MEASURED AS A PERCENT OF THE NATIONAL BUDGET HAS FALLEN QUITE DRAMATICALLY. OREOVER, THE GOVERNMENT FORECAST BUDGET FOR THE YEARS 1977-80, RECENTLY SUBMITTED

TO THE STARTING, SHOWS AN AVERAGE ANNUAL GROWTH IN THE DEFENSE BUDGET OF 2.5 PERCENT DURING WHICH PERIOD THE NATIONAL BUDGET WILL GROW AT ALMOST TWICE THAT RATE EACH YEAR. (4.4 PERCENT).

5. FINALLY, THE GOVERNMENT'S LAST LONG TERM PROGRAM (PRESENTED IN 1972-73) FORECASTS THAT OVER THE NEXT 15 YEARS DEFENSE EXPENDITURES MEASURED AS A PERCENT OF TOTAL PUBLIC EXPENDITURES WILL FALL FROM 7.4 PERCENT (1971) TO 5.4 PERCENT IN 1980, 4.6 PERCENT IN 1990, AND 4 PERCENT IN THE YEAR 2000.

6. WITHOUT BEING ALARMIST WE THEREFORE BELIEVE IT MIGHT BE USEFUL IN THE DPQ REVIEW AND IN OTHER DISCUSSIONS WITH NORWEGIAN OFFICIALS TO SHIFT THE FOCUS SLIGHTLY AWAY FROM MEASURING NORWAY'S DEFENSE EFFORT AS A PERCENT OF GNP TO LOOKING AT IT AS A REFLECTION OF THE RELATIVE PRIORITY THE POLITICAL LEADERSHIP ATTACHES TO DEFENSE SPENDING COMPARED TO OTHER GOVERNMENT EXPENDITURES. THE GON SHOULD BE ENCOURAGED AT EVERY OPPORTUNITY IN SUCH DISCUSSIONS TO LOOK BEYOND ITS OWN DEFENSE NEEDS AND TO VISUALIZE ITSELF IN A BROADER EUROPEAN AND ALLIANCE FRAMEWORK. THE DRC MULTILATERAL EXAMINATION MAY BE AN APPROPRIATE PLACE TO PURSUE THIS OBJECTIVE AND FROM OUR ANALYSIS IT WOULD APPEAR THAT THE MOST PRODUCTIVE WAY TO SPEND INCREASED DEFENSE MONIES WOULD BE ON CAPITAL INTENSIVE PROJECTS TO UPGRADE THE QUALITY AND SOPHISTICATION OF THE ARMED FORCES' EQUIPMENT AND HARDWARE.

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R 171425Z NOV 76

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 2794

S E C R E T SECTION 2 OF 2 OSLO 5616

7. FORCE STRUCTURE/EQUIPMENT/PLANS

OVERALL LEVELS: IT IS OUR UNDERSTANDING THAT GON PROPOSES THAT COAST GUARD BE INTEGRATED INTO THE ARMED FORCES WHICH WOULD POSSIBLY ADD SOME 500 MEN, 7 NEW SHIPS, 6 MEDIUM SIZED HELICOPTERS AND 3 ORION SURVEILLANCE AIRCRAFT TO THE STANDING FORCE. INCREASE WOULD AMOUNT TO AN IMPORTANT CHANGE IN NORWEGIAN FORCE LEVELS DURING 76-81 PERIOD, CONTRARY TO GON DPQ SUBMISSION. COST OF PURCHASING INITIAL ASSETS FOR COAST GUARD IS ESTIMATED AT \$250 MILLION. WE WILL NOT KNOW FINAL FORCE INCREMENT UNTIL GOVERNMENT'S RECOMMENDATIONS ARE ACTED UPON BY PRESENT SESSIONS OF PARLIAMENT (STORTING).

8. A MAJOR QUESTION EXPECTED TO ARISE DURING STORTING DEBATE IS THE ARMAMENT OF THE COAST GUARD AND THE SIZE OF THE ROLE IT COULD BE EXPECTED TO PLAY DURING WARTIME. PROBLEM REVOLVES AROUND POSSIBLE SOVIET REACTION TO AN ARMED NORWEGIAN NAVAL FORCE ON DUTY IN THE SENSITIVE NORTHERN WATERS, AND, OF COURSE, THE NECESSARY EXPENDITURES. ANY CLARIFICATION ON NORWEGIAN PLANS REGARDING COAST GUARD, PARTICULARLY MANNING, WOULD BE HELPFUL.

9. ARMY: PERSONNEL

AGREE THAT DECLINE IN PEACETIME MANNING OF NORWEGIAN ARMY BELOW ACE FORCE STANDARDS IN WORRISOME AND SHOULD BE PROBED. WOULD SUGGEST THAT BEST LINE IS WHAT CORRECTIVE STEPS COULD OR ARE  
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BEING TAKEN RATHER THAN A NUMBERS DEBATE. US REPS MIGHT USEFULLY RAISE SUBJECT OF NORWEGIAN MILITARY LEAVE POLICY WHICH GRANTS EVERY SOLDIER SERVING THE REQUIRED NINE MONTHS TOUR IN THE CRITICAL NORTHERN AREAS THE RIGHT TO THREE SEPARATE HOME HOLIDAYS OF FROM 7-12 DAYS DURATION. THE POLICY RESULTS IN A REVOLVING DOOR MANNING SITUATION IN WHICH THE IMPORTANT FINNMARK AND TROMS UNITS HAVE ONLY ABOUT 50 PERCENT PRESENT FOR DUTY AND WITH LITTLE CHANCE OF BRINGING UNIT STRENGTH UP NEAR THE 70 PERCENT IT IS SUPPOSE TO BE, ON SHORT NOTICE.

10. NORWAY'S MOBILIZATION SYSTEM IS ANOTHER POTENTIAL WEAKNESS. IT IS BASED LARGELY ON THE LOCAL MILITARY COMMANDER'S ABILITY TO COMMANDEER QUICKLY AND EFFICIENTLY CIVILIAN TRANSPORTATION AND MEANS OF COMMUNICATION. HE DOES HAVE THE AUTHORITY TO DO IT NOW, WHICH HE DID NOT HAVE IN 1940 WHEN, WE SUSPECT, NORWAY'S MOBILIZATION SYSTEM WAS LAST TESTED ON A LARGE SCALE. GOVERNMENT NOT WILLING TO SUBJECT MOBILIZATION TO ANY MAJOR EXERCISE FOR FEAR OF DISRUPTING LOCAL ECONOMY. SUBJECT SHOULD BE APPROACHED WITH SOME DELICACY AS IT IS NATIONALLY QUITE SENSITIVE.

1. ANTI-ARMOR

NORWAY REQUIRES IMPROVED MOBILITY AND LONGER RANGE ANTI-TANK CAPABILITY IN THE NORTH. ONE GOOD SOLUTION MIGHT BE TO DEPLOY BOTH ATTACH AND CARGO ROTARY WING AIRCRAFT FOR THIS ROLE. HOWEVER, ACQUISITION/OPERATIONAL COSTS COMBINED WITH ADDITIONAL PERSONNEL/LOGISTICAL SUPPORT IN TECHNICAL SKILLS AREA (ALREADY A MAJOR PROBLEM) MAKE THIS AN UNREALISTIC SOLUTION.

12. NORWAY MIGHT, RATHER, CONSIDER AND IMPROVED UTILITY HELICOPTER (I.E., UTILITY TACTICAL TRANSPORT AIRCRAFT SYSTEM-UN 60A) TO BE USED IN BOTH ATTACH AND CARGO/TROOP CARRYING ROLES. THIS HYBRID APPROACH WOULD BE CONSIDERABLE IMPROVEMENT OVER THE OBSOLETE AIRCRAFT NOW IN SERVICE (UN1B).

13. MOBIL AIR DEFENSE: AGREE THAT NORWAY'S AIR DEFENSE SYSTEM IS OUTMODED. IT IS PARTICULARLY INADEQUATE IN ITS AIRBASE DEFENSE MODE WHERE IT DEPLOYED TOO CLOSE IN THE DEPENDS ON RESERVES FOR MOST OF ITS MANNING, MANY OF WHOM WOULD PROBABLY ARRIVE AFTER THE ATTACK WAS OVER.

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14. NAVY: NORWEGIAN NAVY ALSO SUGGERS FROM SERIOUS SHORTAGES AND POOR MIX OF TRAINED MEN. PROBABLY FIVE SUBMARINES AND OVER TWENTY PATROL BOATS ARE TIED UP BECAUSE OF INSUFFICIENT CREWS. OUR INFORMATION IS THAT SHORTAGES ARE NOT CONFINED TO YOUNGER LINE OFFICERS (AS STATED IN NORWEGIAN SUBMISSION) ALTHOUGH THAT IS A PROBLEM. WE HAVE HEARD NOTHING ABOUT ANY QUOTE MARKED IMPROVEMENTS IN RECRUITMENT UNQUOTE AND WOULD BE INTERESTED IN ANY AMPLIFICATION.

15. AIR FORCE: AIR FORCE ALSO SUFFERS PERSONNEL SHORTAGE SIMILAR TO OTHER SERVICES. OTHERWISE NO COMMENT BEYOND THAT CONTAINED REFTEL.

16. WAR RESERVE STOCKS: NORWAY'S POLICY OF NOT PROVIDING WAR RESERVE STOCKS FOR GROUND FORCES WOULD SEEM TO BE ANOTHER POTENTIAL TROUBLE SPOT WHICH COULD BE TAKEN CARE OF THROUGH PURCHASE AND STORAGE AND WOULD BE CONSISTENT WITH A CAPITAL INTENSIVE DEFENSE POSTURE MENTIONED PREVIOUSLY. WE HAVE NO CLEAR IDEA OF WHAT GON'S PLAN FOR REPLACEMENT AND DELIVERY OF DAMAGED OR DESTROYED LINE ITEMS IS BEYOND THEIR STATEMENT THAT THEY ARE INCLUDED AS IN-DEGENOUS TO COMBAT UNITS.

17. RECEPTION OF EXTERNAL REINFORCEMENTS: CHIEF OF DEFENSE, GENERAL ZEINAR GUNDERSEN, COMMENTED PUBLICLY AT CONCLUSION OF RECENT NATO EXERCISE TEAMWORK THAT IMPROVEMENTS NEEDED TO BE MADE IN RECEPTION OF REINFORCEMENTS. WHAT, IF ANYTHING, IN PARTICULAR HE HAD IN MIND HAS NOT YET BEEN REVEALED.

18. BASE SHARING AGREEMENT HAVE BEEN SIGNED AND SOME SURVEYS

OF NEED MADE OF AIR FIELD REQUIREMENTS. ADDITIONAL QUESTION OF  
PREPOSITIONING OTHER EQUIPMENT HAS NOT BEEN COMPREHENSIVELY  
ADDRESSED.

19. CONCLUSION: NORWAY CAN WELL AFFORD TO DO MORE IN TERMS OF  
ATTRACTING PEOPLE TO REMAIN IN ARMED FORCES AND MORE IMPORTANTLY  
IN MAKING MUCH GREATER EFFORTS TO COMPENSATE FOR MANPOWER SHORTAGES  
WITH CAPITAL INVESTMENTS IN SOPHISTICATED WEAPONS SYSTEMS AND IN  
DEVELOPMENT OF MODERN, RESPONSIVE LOGISTICS, COMMUNICATIONS AND  
SUPPORT CAPACITY. DRC MULTILATERAL EXAMINATION WOULD SEEM  
APPROPRIATE PLACE TO MAKE THESE POINTS.

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